



A MARKET REBOUND

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ECONOMICS EXPLAINED

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NEW LISTINGS ARE ON THE RISE

As 2025 unfolds, the real estate landscape is undergoing significant shifts driven by new legislation, evolving market dynamics, and broader economic factors. Prospective homebuyers, sellers, and renters must navigate these changes carefully to make informed decisions. With various states implementing new real estate laws and the Trump administration prioritizing deregulation, the market is poised for adjustment and potential transformation. While deregulation might reduce bureaucratic hurdles, it also introduces uncertainty as the market awaits clarity on policy priorities that could reshape real estate transactions, zoning laws, and lending practices.

With housing shortages and homelessness remaining pressing concerns, legislative changes aimed at increasing supply are gaining traction. In California, significant amendments to Senate Bill 9—a law designed to promote affordable housing—are taking effect. The bill, which permits duplexes and lot splits on single-family residential lots, now includes more precise language to prevent restrictive interpretations by local governments. Projects under Senate Bill 9 can only be denied if they pose legitimate public health or safety risks, ensuring more housing developments can move forward unimpeded.

The Southern California real estate market is experiencing a resurgence in new listings, signaling a potential easing of the tight inventory conditions that have characterized recent years. Although overall inventory remains below historical averages, data from early 2025 suggests a notable improvement from the supply constraints of the early 2020s.

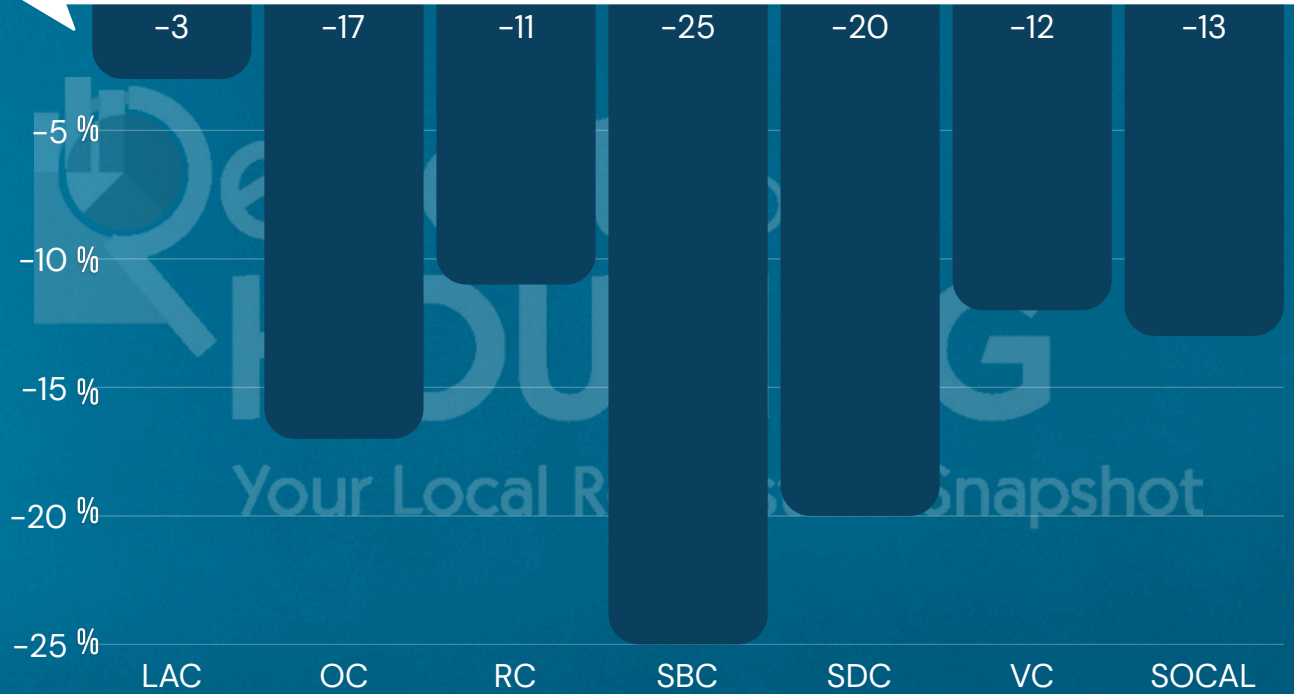
New listings have increased substantially across Southern California counties compared to 2024. Los Angeles, for example, saw a 26% rise, with new listings climbing from 5,636 to 7,124. Ventura (+32%), San Diego (+26%), and Orange County (+23%) also reported significant gains, reflecting a growing willingness among sellers to re-enter the market.

SOUTHERN CALIFORNIA NEW LISTINGS

% DIFFERENCE COMPARED TO THE 3-YR AVG (2017 - 2019)

JANUARY 2025

3-YR AVG ←



Despite these gains, inventory levels in Southern California are still slightly below pre-pandemic norms. While the region is only 13% below the 2017-2019 average, some counties, such as San Bernardino (-25%) and San Diego (-20%), continue to experience tighter supply. These persistent shortages may sustain competitive market conditions and upward pressure on prices in those areas.

The increase in listings from 2024 to 2025 indicates growing seller confidence, possibly driven by stabilizing economic conditions and shifting mortgage rate expectations. As more homes become available, the affordability challenges that have plagued the market in recent years could ease, leading to more balanced pricing and transaction volumes.

However, regional disparities remain, with some areas—such as San Bernardino and San Diego Counties—still facing inventory constraints that could maintain price competitiveness. If the current trend of increasing supply continues, 2025 may mark the beginning of a more sustainable housing market, offering improved conditions for buyers and sellers.

The 2025 real estate market is at a pivotal juncture, characterized by rising inventory, legislative shifts, and evolving consumer sentiment. While challenges persist in some high-demand regions, the increase in new listings suggests a movement toward a healthier and more balanced market. As policies continue to unfold and market trends develop, staying informed will be key for those looking to buy, sell, or invest in real estate this year.